

## Argentina Permits Withdrawals From Savings

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By TONY SMITH

BUENOS AIRES, Sept. 30 - Banks started to ease a nine-month-old freeze on the savings accounts of Argentines today, in a move the government hopes will help breathe life into the moribund economy and help the recession-weary country move closer to a rescue deal with the International Monetary Fund.

The government ordered banks to allow depositors to withdraw at least 7,000 pesos (\$1,900) from formerly frozen time-deposit accounts starting tomorrow. At least two banks - the Spanish-owned Banco Francés and Banco Río - began allowing withdrawals immediately.

The thawing of the accounts is an important test for the country's banking system, protected by tight restrictions imposed last December to halt panicked withdrawals by depositors who feared - rightly, as it turned out - that the peso was about to be devalued. Customers took some \$20 billion out of the banks over the 11 months before the freeze was imposed, as Argentina slid into collapse.

The government expects some of the newly released cash to be quickly spent, giving retailers and the economy a welcome bit of stimulus.

The move could also be a first step toward a broader solution to the frozen-deposit problem, analysts said, with balances over the 7,000-peso limit likely to be converted into a blend of government and bank-issued bonds. Clearing up the problem is a major precondition set by the I.M.F. for the resumption of economic aid.

"Over the past two months, Argentina's financial numbers have shown a clear improvement," said Carlos Pérez, executive director of Fundación Capital, a research group here. "It could allow the financial system gradually to start normalizing."

After eroding sharply early in the year, Argentina's central bank reserves have climbed back over \$9 billion, and the banking system's liquidity - ready assets as a percentage of total deposits - has climbed to 18 percent from 11 percent three months ago, Mr. Pérez said.

"But does that mean Argentina's problems are over?" he asked. "Not at all. The improvement is still precarious rather than robust."

Officials at Banco Francés, owned by Banco Bilbao Vizcaya Argentaria of Spain and reinforced in June by an additional

\$250 million in capital from the Spanish parent, said bank branches were operating normally and there had been no mad rush to pull out the 10,000 pesos (\$2,750) the bank was allowing each saver to withdraw.

Still, many customers were seizing the opportunity. "I don't know what I'll do with it, but I'm not leaving it in here," said Julieta Marquez, a 41-year-old homemaker, as she left one Buenos Aires branch of Banco Francés with her savings.

Her sister-in-law, Elisabete Guillermo, 30, said she would use her money to support herself and her 11-year-old son until she could raise enough cash to go to Japan, where she has family.

One source of dissatisfaction was the fact that withdrawals were paid in pesos, even for accounts that had originally been deposited in dollars. Advocacy groups have staged protest after protest in Argentina recently demanding that dollar accounts be repaid in dollars, without success, and many customers seemed ready to accept pesos.

When the accounts were created, one peso was worth one dollar; that rate had been fixed since the early 1990's. But the peso was floated in January, after the freeze was imposed, and has since lost more than two-thirds of its value, slumping to 3.65 to the dollar.

Most analysts today foresaw little new downward pressure on the peso from the account thaw, because the central bank has enough reserves to cope even if savers chose to immediately convert every unfrozen peso they could get into dollars, some \$400 million to \$500 million.

Many also predicted that savers would leave much of their money on deposit for now and draw it out later to cover daily living costs.

"A lot of people are accepting this because they need the money to buy food or medicines - basically they need to survive," said Juan Seliman, the owner of a sporting goods store who has organized a pressure group called the Association of Swindled Argentine Savers.

"I personally won't accept it, until they tell me they'll give me my savings back in dollars," he said, "but I fear most people will give in. We don't have the powerful lobby the banks have."

Mr. Perez said the success of the thaw will depend on the courts, where individual depositors have won a series of rulings granting them full access to their funds despite the freeze, and on success in getting new assistance from the I.M.F. to ease pressure on the banking system.

There were signs today that an Argentine delegation to

Washington led by the economy minister, Roberto Lavagna, was edging toward a deal with the fund's negotiators. The president of the central bank, Aldo Pignanelli, promised that if the talks succeed, the bank will print no more pesos this year, showing its resolve to head off any danger of hyperinflation.

"This is not the last chapter in this story, but on the whole it is a positive step," said Fernando Losada, chief Latin American economist at ABN Amro in New York. "The I.M.F. would have liked to see current accounts eased first, because that's where a lot of working capital is cooped up," he said, referring to business and personal checking accounts, which were not affected by today's thaw.

"But the bottom line is that it is a positive step," he added.

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